



## TIF INFORMATION AND GUIDELINES

Tax Increment Financing (TIF) is one of the few tools a municipality has to actively address areas of distress. With the reduction in federal and state funding, TIF provides one of the few economic incentive mechanisms where a municipality can provide financial assistance in the effort to revitalize older parts of the community. TIF provides the opportunity to make infrastructure and other investments in distressed areas, to reverse decline, and more importantly, encourage redevelopment.

### What is Tax Increment Financing?

Tax Increment Financing (TIF) is a redevelopment tool authorized by State statute to help revitalize distressed areas by eliminating certain blighting conditions and instituting conservation measures in order to encourage private investment and to enhance the tax base. TIF originated in California in 1954, and is currently in use in some form in 48 states. It is a concept designed for municipalities of all sizes. There are over 400 Illinois communities that currently utilize TIF.

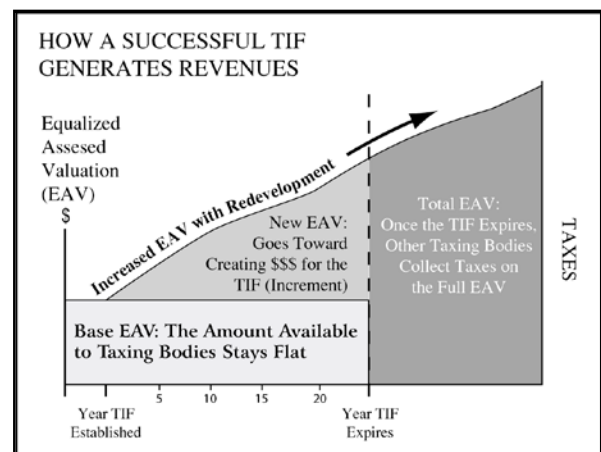
### How does TIF work?

Normally, property is taxed by several different governmental jurisdictions: the municipality, school districts, county, park district, etc. The taxes levied are allocated to each district in accordance with its tax rate. Under TIF, the increase in property taxes that result from new development are all allocated to the TIF fund. All taxing districts continue to receive the same amount of property taxes that were generated prior to the establishment of the TIF district (the Base EAV).

### What can TIF funds be used for?

The improvements which may be funded through TIF are defined by State law and may include such items as:

- Roadway, stormwater and streetscape improvements;
- Relocation and demolition costs;
- Facade improvements, building rehabilitation;
- Land assembly;
- Infrastructure and utility extensions and enhancements;



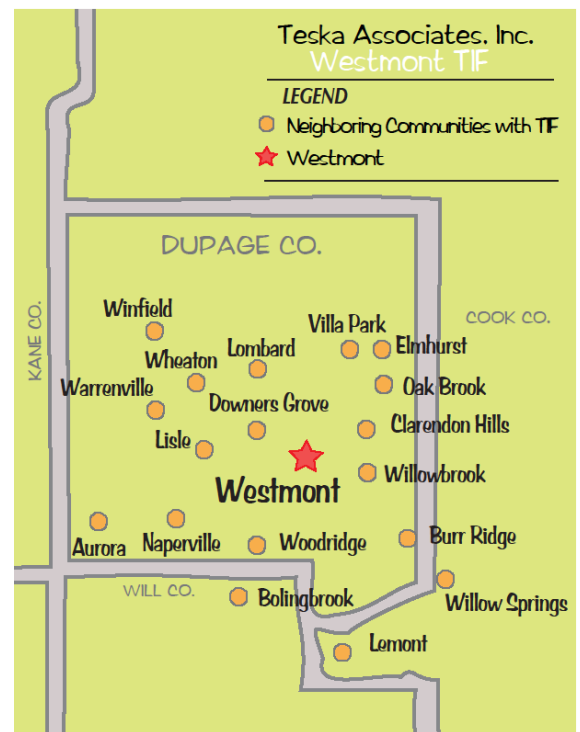
- Costs of construction or rehabilitation of housing for low- and very-low income households; and
- Job training.

### What are some of the popular common myths concerning TIF?

- Property owners would receive a tax break. Property owners pay the same amount of property taxes they would have paid had the TIF District not existed, including any increases that result from increases in property value, or from tax rate increases from the various taxing districts.
- School districts will be deprived of revenues during the life of the TIF District. First, a school district, as well as the county, the municipality, and all other taxing bodies continue to receive the full amount of the taxes that they have levied on the "Base EAV" during the life of a district. Secondly, TIF districts can create money for schools. In Illinois, school districts continue to receive all the tax revenue they were entitled to before creation of a TIF district. Although schools usually lose General State Aid when assessed valuations increase, the incremental growth in property values within a TIF district is excluded from the property tax base when the State of Illinois calculates the amount of aid it awards to a school district. Therefore, the "poorer" a school district is, the more it stands to gain from having a TIF District.

### Why TIF, Why Now for Westmont?

1. **Development today requires public-private financial partnerships.** Private development deals are extremely tough to finance today. Developers, tenants, lenders, etc. all are asking the question of what public incentives are available. Teska conducted an open house for prospective developers for a downtown project in Western Springs recently, and one of the participants noted "As a developer, general contractor, building owner and property manager, we are not looking at any communities that do NOT have funding assistance.
2. **It is a very competitive marketplace.** Developers want to know what tools are in place now – not which tools you will consider. TIF, in particular, takes at least four months to create, and for all but the largest of projects, that is simply too long to wait. Establishing a TIF will allow Westmont to compete with other nearby communities that have TIF districts for ultra-competitive development investment.
3. **The Adoption of the TIF Provides an Immediate Kickoff to the Implementation Phase of the Comprehensive Plan.** An adoption of a TIF creates a funding source to initiate the implementation of the Comprehensive Plan. As part of the Comprehensive Plan, the preparation of a redevelopment plan



for the South Westmont Business District is of great importance to the future of Westmont. The establishment of a TIF district provides a funding source to implement development opportunities recommended in this area.

4. **TIF is a Way to Fund Need Infrastructure Improvements.** Roads, water, sewer service, streetscape and other utilities are needed to support new development. Increasingly, tenants and developers want the infrastructure in place upfront – they do not want to wait for the extension or upgrading of services. The use of TIF funds to improve or extent utilities can be essential in attracting desired development, especially given other competitive locations.
5. **Many projects require multiple incentives.** Given extremely difficult private financing markets, many projects that are moving forward today are combining several financial tools like sales tax rebates, additional business district taxes, special service areas, and TIF to create a tiered approach to the public/private partnership. Sales tax incentives can assist larger projects like an auto dealership or a big box where significant sales tax is anticipated.
6. **Multiplier Effect.** In addition to providing a funding source for public improvements, economic incentives like TIF can produce both construction and full-time employment opportunities, and encourage 'spin-off' developments that will seek a location in Westmont due to the presence of new businesses and improved image of the area. The improvement of the South Westmont Business District can also result in an indirect improvement of properties not in the TIF district, including adjacent residential areas.
7. **Return on Public Investment.** As reported by the Illinois Tax Increment Finance Association, "A 1992 survey of TIF municipalities found that the average TIF project produced four dollars of new private investment for every dollar of tax increment investment." A study of TIFs in Cook County created prior to 1990 indicates an outstanding track record of success, with an equalized assessed value growth rate of 325% compared to an average growth rate of 91% for the municipalities in which they are located.
8. **Assessed Values are Down.** Existing blighting conditions within the SWBD have caused property values to either decrease, or have not kept pace with the overall growth of the Village.
9. **Successful TIF's Benefit Everyone.** Not only does new development provide opportunities for employment, it also increases the total taxable value of property, which increases the tax base for all taxing bodies.